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SECTION 5

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5: BUDGET ANALYSIS

In 2010, the City provided a “kick-off” budget for parks and recreation to determine foundational operating needs. Services were separated into a professional services contract with Lowe for \$72,000 and contracted parks maintenance services in the amount of \$125,000. The City elected to amend the budget mid-year to include increases in parks maintenance to \$250,000 and increase the agreement with Lowe to \$72,000. In addition to these amendments, the City made the following adjustments:

- Added \$110,000 for professional services
- Increased the Operating Transfer Out to Capital for \$400,000

The 2010 budget increased from \$137,000 to \$838,000.

The 2011 operating budget includes more appropriations based upon a full operating year and the need for education and outreach. The table below shows the 2011 approved parks and recreation budget.

Table 5.1
2011 Approved Operating Budget

Account Name	Approved Budget
<i>Professional Services- Lowe</i>	\$ 144,000
<i>R&M - Parks</i>	\$ 450,000
<i>Communications</i>	\$ 3,600
<i>Advertising</i>	\$ 500
<i>Printing and Binding</i>	\$ 500
<i>Dues and Fees</i>	\$ 350
<i>Supplies</i>	\$ 104,000
<i>Electricity and Utilities</i>	\$ 207,800
<i>Small Equipment</i>	\$ 2,000
<i>Operating Transfers Out-Capital</i>	\$ 150,000
Total Department Expenditures	\$ 1,062,750

Courtesy: City of Dunwoody Annual Operating and Capital Budget

Features of Budget

The FY 2011 budget is \$1,062,750 and includes one dedicated staff person (Parks and Recreation Manager) and contracted maintenance services. As noted in the table above, direct contracted services costs (personnel) account for only 34% of departmental costs. When compared to other agencies that the planning team has worked, this figure is very low. This percentage may increase with further analysis of the R&M – Parks (Repairs and Maintenance) line item and determining how much of this cost is attributed to staff that maintains parks and how much is for other maintenance activities they provide throughout the City.

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City Taxing Review

According to Finance Department documents, the City of Dunwoody General Fund Budget for FY 2011 is \$19,332,889; a 25.97% increase from FY 2010. Of this total, Parks and Recreation represents 5% of the entire City budget.

Tax revenues are collected in the following manner:

Table 5.2
General Fund Revenue Collection in City of Dunwoody
FY 2011

Revenue Description	Percentage of Budget
<i>Taxes</i>	87%
<i>Investment Income, Donations</i>	.1%
<i>Intergovernmental</i>	.5%
<i>Licenses and Permits</i>	4%
<i>Charges for Services</i>	2%
<i>Fines and Forfeitures</i>	6%
<i>Miscellaneous</i>	.3%

Courtesy: City of Dunwoody; may not equal 100%

Tax collections make up the largest portion of the City's budget. This is typical of governmental agencies.

There are some taxing structures that could be enhanced and used for parks and recreation uses. The current lodging tax is set at 5% but has an additional 3% capacity that could be used. This tax is generated from room stays in Dunwoody hotels and a percent generates approximately \$350,000. The Convention and Visitor Bureau (CVB) is funded by 2% of this collection and has a budget of \$700,000.

Revenue Collection

According to City stakeholders, the emphasis on revenue recovery has not been a focal point, but could grow in significance as the parks and recreation budget expands.

Comparison to Local Jurisdictions

Researchers evaluated data collected from neighboring counties and cities for comparison purposes. The jurisdictions reviewed include:

- City of Johns Creek
- City of Doral (FL)
- City of Alpharetta
- City of Roswell
- City of Gainesville

The cities above were selected due to their size, reputation as a regional park and recreation leader, and the services these cities provide. Doral is a city of 32,000 located in Miami-Dade County that

was incorporated in 2003. The park and recreation department has grown to be a leader in South Florida.

Characteristics of Cities Benchmarked

The cities selected within Metropolitan Atlanta have similar population numbers and diversity. Doral is similar in residential numbers and is a city located in close proximity to the major urban area (Miami). All cities have established parks and recreation agencies.

From 2000 to 2010, population in the benchmarked cities continued to grow with more established communities, like Roswell, growing slower than cities with available developable land (Doral). The table below shows population increases during this time.

Table 5.3
City Growth Statistics
From 2000-2010

City	Population Increase by Percent
<i>Dunwoody, GA*</i>	21%
<i>Doral, FL</i>	54%
<i>Gainesville, GA</i>	40%
<i>Roswell, GA</i>	11%
<i>Alpharetta, GA</i>	48%
<i>Johns Creek, GA*</i>	16%

Source: US Census, Atlanta Journal-Constitution, City of Johns Creek

*Recently incorporated – estimates only

Data sources indicate that a majority of growth occurred during the beginning of the decade with slower growth occurring since 2006.

Economic Indicators

Per Capita Income

One way to determine the economic well-being of a community is to assess the per capita income of its counties. The table below shows per capita income levels from 2010.

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Table 5.4
City Average Per Capita Income
1999

City	Per Capita Income
<i>Dunwoody</i>	\$48,412
<i>Doral</i>	\$29,417
<i>Gainesville</i>	\$20,072
<i>Roswell</i>	\$38,916
<i>Alpharetta</i>	\$42,431
<i>John Creek</i>	\$65,994

Source: US Census, City of Johns Creek

Cities benchmarked averaged above the national average of \$27,041 except for Gainesville. Johns Creek was recognized as the most affluent community in the State of Georgia with Dunwoody ranked third.

Per Capita Spending - Parks and Recreation

Using tax data and budget documents from previous years, researchers analyzed parks and recreation spending. Per capita spending for parks and recreation varies based upon the jurisdiction reviewed.

Table 5.5
City Per Capita Spending for Parks and Recreation Services
2010

City	Total Per Capita Spending (operating)
<i>Dunwoody</i>	\$21
<i>Doral</i>	\$107
<i>Gainesville</i>	\$152
<i>Roswell</i>	\$41
<i>Alpharetta</i>	\$158
<i>Johns Creek</i>	\$9

Courtesy, Budget Documents

The City of Dunwoody and Johns Creek spend considerably less than other cities benchmarked. It should be noted that the City of Dunwoody will increase per capita spending to approximately \$28 for FY2011. This is still well below comparison cities. These calculations are based solely on costs included in each city's annual budget and do not reflect cost expended by external program providers.

Cost Recovery

In 2010, the Division collected \$17,119 in revenue; primarily from pavilion rental fees. This equates to a cost recovery level of less than 2% of the total Parks and Recreation operating budget. Division staff indicate that the reasons for such low cost recovery is due to leagues and other groups collect user fees for activities in the City. The 2001 Georgia City and County Recreation Services Study reported an

average revenue generation by agencies serving 50,000 to 99,999 residents to be \$617,617.37. The current trend across the country is to increase self-generated revenues by parks agencies to reduce tax funding for parks departments.

As stated earlier, the current staff is made up of one Manager and associated maintenance personnel. With the current staff makeup, it would be difficult to generate large amounts of revenue. While the case can be made that more people generates more expense, in many agencies, more staff generates much more revenue, which offsets expenditures. Divisions have adjusted programs where there is more than 100% cost recovery for specialty activities whereas other programs, like swim lessons, are offered at a subsidy since the lessons provide a community and health, safety and welfare benefit.

A source for national funding levels is the International City/County Management Association (ICMA). In 2006, the ICMA surveyed 125 cities and counties and found the average per capita revenue of \$45.96 for departments serving fewer than 100,000 residents and excluding golf revenues. Dr. John Crompton from Texas A & M, a leading educator and researcher on the benefits and economic impact of leisure services, indicates that the national average is around 34% cost recovery. Using the City of Dunwoody 2010 estimated population, and the ICMA revenue generation of \$45.96, approximately \$1.85 million could be generated annually. Based on this information, the Division's cost recovery is well below both the national average cited by Crompton and the ICMA's findings. Due to the fact of outside organizations directly collecting fees and charges, the City should explore whether the Division should collect more direct user fees. This needs to be a focus area in the upcoming years as it could be a major source of additional funding for the Division.

Summary of Budget

The City of Dunwoody Parks and Recreation Division budget for FY 2011 is \$1,062,750 or a 27% increase over the FY 2010 estimated budget. A majority of funds are allocated for contracted labor in both management and parks maintenance. It is not clear how much of the allocation towards parks maintenance is designated towards personnel costs. The City should work towards a financial breakdown of these charges to determine how much personal charges (salary, benefits, leave) are a part of this budget figure.

People continue to move to Dunwoody based upon its proximity to Atlanta, access to major highways and MARTA, and enhanced quality of life. Population estimates show that the City could grow an additional 18% by 2015; stretching the existing ability to access and enjoy city park and recreation areas and creating resource limitations. Current park acreage estimates show that the City has approximately 3.23 acres per thousand population; well below NRPA Guidelines. Since most of the City is developed, the agency will have to adopt creative ways to use existing park lands and acquire other lands through various methods of ownership or use, like conservation easements.

The per capita spending for the department is very low when compared to other departments in the region and with a benchmark figure of \$50 per capita. If we used the 2010 Census population data with the \$50 per capita figure, the budget would total nearly \$2.5 million in operating expenditures.

Taxes account for a large majority of revenue at this time; 87%. Other miscellaneous charges account for the other nearly 13 %. It should be noted that the Department collects less than 2% of self generated revenue through rentals. It is proposed that the department strive to offset more expenses through fees and charges for rentals and special programs.

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Revenue collection within the Division is well below national guidelines. A fees and charges study is recommended in the short term to determine rental charges for fields, pavilion and event areas within parks. Once completed, the City should establish annual revenue performance goals. In addition, the City should consider whether some fees which are now collected by outside user groups should go through the City then passed through to user organizations.

Recommended Actions

- The City should make it a goal to recover 35% of operating expenses through various revenue streams through the 10 years covered by this plan. These would include user fees, corporate underwriting, partnering, and naming rights. Recreation areas, like pavilion rentals and field use, should focus on revenue creation. The City should initiate a fees and charges study immediately to ensure that revenues are based on the existing market. The Division should complete a fees and charges study as soon as is possible in order to prioritize where revenues should be generated in order to offset program and park maintenance expenses.
- Per capita spending is quite low in comparison to higher caliber departments. It is recommended that the City attempt to have a per capita spending level of \$50 by the year 2014.
- The City should explore expanding the lodging tax to allot ½ cent towards parks and recreation. This would create an additional \$175,000 in revenue that could be targeted towards recreation and tourism related programs.